



Billing Code: 5001-06

**DEPARTMENT OF DEFENSE**

**Office of the Secretary**

**[Transmittal No. 18-19]**

**Arms Sales Notification**

**AGENCY:** Defense Security Cooperation Agency, Department of Defense.

**ACTION:** Arms sales notice.

**SUMMARY:** The Department of Defense is publishing the unclassified text of an arms sales notification.

**FOR FURTHER INFORMATION CONTACT:** DSCA at [dsca.ncr.lmo.mbx.info@mail.mil](mailto:dsca.ncr.lmo.mbx.info@mail.mil) or (703) 697-9709.

**SUPPLEMENTARY INFORMATION:** This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 18-19 with attached Policy Justification and Sensitivity of Technology.

Dated: July 26, 2018.

Shelly E. Finke,  
Alternate OSD Federal Register Liaison Officer,  
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY

201 12<sup>TH</sup> STREET SOUTH, STE 203  
ARLINGTON, VA 22202-5408

JUN 26 2018

The Honorable Paul D. Ryan  
Speaker of the House  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 18-19, concerning the Navy's proposed Letter(s) of Offer and Acceptance to the Government of Spain for defense articles and services estimated to cost \$860.4 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

A handwritten signature in black ink, appearing to read "C. W. Hooper", is written over a horizontal line.

Charles W. Hooper  
Lieutenant General, USA  
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology

Transmittal No. 18-19

Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Government of Spain

(ii) Total Estimated Value:

Major Defense Equipment*	\$324.4 million
Other	<u>\$536.0 million</u>
TOTAL	\$860.4 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE):

Five (5) AEGIS Weapons Systems (AWS) MK7  
Six (6) Shipsets Digital Signal Processing  
Five (5) Shipsets AWS Computing Infrastructure MARK 1 MOD 0  
Five (5) Shipsets Operational Readiness Test Systems (ORTS)  
Five (5) Shipsets MK 99 MOD 14 Fire Control System  
Five (5) Shipsets MK 41 Baseline VII Vertical Launching Systems (VLS)  
Two (2) All-Up-Round MK 54 Mod 0 Lightweight Torpedoes  
Twenty (20) SM-2 Block IIIB Missiles and MK 13 Canisters with AN/DKT-71 Warhead  
Compatible Telemeter

Non-MDE:

Also included are one (1) S4 AWS computer program, five (5) shipsets Ultra High Frequency (UHF) Satellite Communications (SATCOM), five (5) shipsets AN/SRQ-4 radio terminal sets, five (5) shipsets ordnance handling equipment, five (5) shipsets Selective Availability Anti-Spoofing Modules (SAASM), five (5) shipsets aviation handling and support equipment, five (5) shipsets AN/SLQ-24E Torpedo countermeasures systems, five (5) shipsets LM04 Thru-Hull XBT Launcher and test canisters, one (1) shipset MK 36 MOD 6 Decoy Launching System, five (5) shipsets Link Level COMSEC (LLC) 7M for LINK 22, five (5) shipsets Maintenance Assist Module (MAM) cabinets, five (5) shipsets technical documentation, five (5) shipsets installation support material, special purpose test equipment, system engineering, technical services, on-site vendor assistance, spare parts, systems training, foreign liaison office and staging services necessary to support ship construction and delivery, spare and repair parts, tools and test equipment, support equipment, repair and return support, personnel training and training equipment, publications and technical documentation, U.S. Government and contractor engineering and logistics support services, and other related elements of logistic and program support.

(iv) Military Department: Navy (SP-P-LHM)

(v) Prior Related Cases, if any: SP-P-LHL, SP-P-GOL

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services  
Proposed to be Sold: See Attached Annex

(viii) Date Report Delivered to Congress: June 26, 2018

\*As defined in Section 47(6) of the Arms Export Control Act.

## POLICY JUSTIFICATION

### Spain – AEGIS Combat System

The Government of Spain has requested to buy five (5) AEGIS Weapons Systems (AWS) MK7, six (6) shipsets Digital Signal Processing, five (5) shipsets AWS Computing Infrastructure MARK 1 MOD 0, five (5) shipsets Operational Readiness Test Systems (ORTS), five (5) shipsets MK 99 MOD 14 Fire Control System, five (5) shipsets MK 41 Baseline VII Vertical Launching Systems (VLS), two (2) All-Up-Round MK 54 Mod 0 lightweight torpedoes, twenty (20) SM-2 Block IIIB missiles and MK 13 canisters with AN/DKT-71 warhead compatible telemeter. Also included are one (1) S4 AWS computer program, five (5) shipsets Ultra High Frequency (UHF) Satellite Communications (SATCOM), five (5) shipsets AN/SRQ-4 radio terminal sets, five (5) shipsets ordnance handling equipment, five (5) shipsets Selective Availability Anti-Spoofing Modules (SAASM), five (5) shipsets aviation handling and support equipment, five (5) shipsets AN/SLQ-24E Torpedo countermeasures systems, five (5) shipsets LM04 Thru-Hull XBT Launcher and test canisters, one (1) shipset MK 36 MOD 6 Decoy Launching System, five (5) shipsets Link Level COMSEC (LLC) 7M for LINK 22, five (5) shipsets Maintenance Assist Module (MAM) cabinets, five (5) shipsets technical documentation, five (5) shipsets installation support material, special purpose test equipment, system engineering, technical services, on-site vendor assistance, spare parts, systems training, foreign liaison office and staging services necessary to support ship construction and delivery, spare and repair parts, tools and test equipment, support equipment, repair and return support, personnel training and training equipment, publications and technical documentation, U.S. Government and contractor engineering and logistics support services, and other related elements of logistic and program support. The total estimated program cost is \$860.4 million.

The proposed sale will support the foreign policy and national security objectives of the United States by improving the security of a NATO ally that is an important force for political stability and economic progress in Europe. It is vital to the U.S. national interest to assist Spain in developing and maintaining a strong and ready self-defense capability.

The addition of five (5) new AEGIS equipped frigates to Spain's fleet will afford more flexibility and capability to counter regional threats and continue to enhance stability in the region. Spain currently operates 5 AEGIS frigates and is proficient at using the AEGIS system to its fullest capability. Spain has demonstrated the capability, flexibility, and responsibility necessary to acquire this AEGIS system into its fleet and will continue to operate it as required to ensure interoperability as a highly valued NATO partner. Spain will have no difficulty absorbing this equipment and support into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The prime contractors will be Lockheed Martin, Moorestown, NJ, and Manassas, VA; Raytheon Company, Waltham, MA; and General Dynamics, Williston, VT. There are also a significant number of companies under contract with the U.S. Navy that will provide components and systems as well as engineering services during the execution of this effort. There are no known

offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require multiple trips by U.S. Government and contractor representatives to participate in program and technical reviews plus training and maintenance support in country, on a temporary basis, for a period of twenty-four (24) months. It will also require two (2) contractor representatives to reside in country for a period of two (2) years to support this program.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act

Annex  
Item No. vii

(vii) Sensitivity of Technology:

1. The AEGIS Weapon System (AWS) is a multi-mission combat system providing integrated Air and Missile Defense for surface ships. This sale involves a subset of the AWS Baseline 9 Anti-Air Warfare (AAW) capability called the International AEGIS Fire Control Loop (IAFCL); no integrated Ballistic Missile Defense will be provided. AWS Software, documentation, combat system training and technical services will be provided at the classification levels up to and including SECRET. The manuals and technical documents are limited to those necessary for operational use and organization maintenance.

2. IAFCL hardware include AWS Computing Infrastructure Equipment, including Blade Processors, Fire Control System (FCS) MK 99, Vertical Launching System (VLS) MK 41, combat system support equipment, logistics support equipment, and the Digital Signal Processing Group equipment consisting of the Signal Processor Assembly Cabinet and Radar Data Processor Cabinet. The Digital Signal Processing group will be derived from the Multi-Mission Signal Processor and will be integrated with the Solid-State S-Band Multifunction Radar which is being procured by Spain via Direct Commercial Sale contract. The Digital Signal Processing Group will be capable of Anti-Air Warfare mission only. The hardware is unclassified. The IAFCL meets Anti-Tamper Requirements.

3. The Torpedo Countermeasure Transmitting Set AN/SLQ-25 (Nixie) is a passive, electro-acoustic decoy system used to provide deceptive countermeasures against acoustic homing torpedoes. The AN/SLQ-25 employs an underwater acoustic projector housed in a streamlines body which is towed astern on a combination tow/signal-transfer coaxial cable. An onboard generated signal is used by the towed body to produce an acoustic signal to decoy the hostile torpedo away from the ship. The AN/SLW-25E included improved deceptive countermeasure capabilities, a fiber optic display LAN, a torpedo alertment capability and a towed array sensor, as well as addressing obsolescence issues in previous variants. The highest classification of the hardware to be exported is SECRET. The purchaser currently has the AN/SLQ-25A variant of this weapon system in its inventory.

4. The Common Data Link Hawklink AN/SRQ-4 radio terminal sets provide the shipboard element of a situation awareness system that links airborne terminals with surface warships. The system provides real-time use of aircraft sensors to extend situational awareness over the horizon by enabling surveillance helicopters to data-link radar, video, networking, and acoustic data to various surface ships. It provided the command and control, sensor data transfer, data link operations and built-in test functionality. It supports anti-submarine warfare and anti-ship

surveillance and targeting missions. This hardware is unclassified. The purchase currently has the AN/SRQ-4 on 5 of their surface ships.

5. The version of the MK 54 Lightweight Torpedo involved in this is the MK 54 Mod 0. Although the MK 54 Mod 0 is considered state-of-the art technology, there is no Critical Program Information associated with the MK 54 Mod 0 Light Weight Torpedo hardware, technical documentation, or software. The highest classification of the hardware to be exported is SECRET. The highest classification of the technical manual that will be exported is confidential; which is required for the operation and maintenance of the MK 54 Mod 0 Lightweight Torpedo. The highest classification of the software to be exported is SECRET. The MK 54 Mod 0 Lightweight Torpedo meets Anti-Tamper Requirements. The purchaser currently does not have this weapon system in its inventory; however they have the previous version, the MK 46 Lightweight Torpedo.

6. The following MK 54 components and support equipment being conveyed by the proposed sale that is considered sensitive and are classified SECRET include: MK 54 LWT hardware, MK 695 Torpedo System Test Set Software, Torpedo Firing Evaluation equipment Software, and Data Analysis Tool Set software. The Classified MK 54 Publication with the proposed sale include: Torpedo MK 54 Mod 0 General Information Book, MK 54 Employment Manual, MK 20 Mod 1 Exploder Description, Operation, Maintenance, and Illustrated Parts Breakdown, and MK 440 Mod 1 Exploder Test Set Description, Operation and Illustrated Parts Breakdown.

7. The MK-36 Mod 6 Super Rapid Blooming Off-board Chaff (SRBOC) and Decoy Launching System is an unclassified shipboard, deck-mounted, 6 barrel mortar-type array that launched chaff countermeasures against a variety of threats. Following launch and dispersion, MK 36 SRBOC chaff and infrared countermeasure are designed to lure hostile missiles away from ships under attack by creating false target sets.

8. The Standard Missile -2 Block IIIB proposed in this purchase will be used for Anti-Air Warfare test firings during Combat System Ship Qualification Trials. The following Standard Missile -2 BLK IIIB components and support equipment being conveyed by the proposed sale that is considered sensitive and are classified CONFIDENTIAL include completely assembled Standard Missile -2 BLK IIIB with or without a conventional warhead, whether a tactical, telemetry, or inert (training) configuration: Missile component hardware Guidance Section, Target Detection Device, Autopilot Battery Unit; SM-2 operator and maintenance documentation, shipboard operation/firing guidance. The purchaser currently has this missile in its inventory.

9. UHF SATCOM, the RT-1829 UHF SATCOM terminal is a commercially available SATCOM terminal that can provide ship-to-ship or ship-to-shore communications via voice or data connectivity. The device itself is CCI but is not classified until it is keyed with the proper keying material to enable secure communications. A single RT-1829 control interface can operate multiple voice and data communications nets simultaneously. The RT-1829 terminal is KITC and HAS certified to ensure compliance with legacy DAMA Mil-STDs. The purchaser currently has this UHF SATCOM on 5 of their surface ships.



10. The Link Level COMSEC (LLC) 7M device is a GOTS product which was developed by PEO C41/PMQ 150 in coordination with Raytheon and certified by the NSA. The device itself is CCI but is not classified until it is keyed with the proper keying material to enable secure communications via the LINK 22 system. It is a Type 1 COMSEC device which is intended to enable secure interoperable communications between the US, and NATO nations and Allied Forces via the LINK 22 System. Each device is handled by only the USG and the partner Nations COMSEC Custodians/Managers per the FMS agreement and no nation has the ability to tamper with or manipulate/maintain the system. The purchaser has previously purchased the LLC 7M for future integration with LINK 22 on many of their warships.

11. If a technologically advanced adversary were to obtain knowledge of specific hardware, the information could be used to develop countermeasures which might reduce weapons system effectiveness or be used in the development of a system with similar or advanced capabilities.

12. A determination has been made that Spain can provide substantially the same degree of protection for sensitive technology being released as the U.S. Government. This proposed sustainment program is necessary to the furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

13. All defense articles and services listed on this transmittal are authorized for release and export to the Government of Spain.

[FR Doc. 2018-16324 Filed: 7/30/2018 8:45 am; Publication Date: 7/31/2018]